

Debate

Neoliberalism, Authoritarian Politics and Social Policy in China

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ABSTRACT

This article explores the relationships among neoliberalism, social policy expansion and authoritarian politics in contemporary China. It argues that in the era of neoliberalism, rising new right and authoritarian governments, the Chinese Communist Party has sought to retain power by shifting politically to the right and promoting neoliberal-looking economic policies. These policies have raised average living standards but also increased insecurity for most of the Chinese population, while new social policies have facilitated marketization. Social policy expansion includes minimal cash transfers as well as social old-age and health insurance for hitherto excluded sections of the population. These policies have begun to erode long-standing urban–rural segregation, but they have added new, underfunded, social programmes rather than widening participation in existing ones, re-segregating provision so that urban elites and formal sector workers enjoy much more generous provisions than many people working informally and those without work. These social policies’ most significant dark sides thus include compounded income inequalities and the segmentation and stigmatization of the poorest. Authoritarian controls have enabled the Communist Party to avoid redistributive policies that would undermine its urban support, so that politics in China differ from the right-wing populism of new, anti-establishment authoritarian regimes.

INTRODUCTION

Other contributions to this Debate section explore relationships among neoliberalism, social policies, new right and authoritarian politics. They take as their starting point arguments that expansions of social provisioning in the period since the global spread of neoliberalism in the 1980s may sometimes

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facilitate neoliberal projects (Lavinás, 2013, 2017; Saad-Filho, 2015), and that they increase insecurity, reinforce, reproduce and structure inequalities, and facilitate social control, ordering and segregation (Fischer, 2018; Posner, 2012). They ask how new, right-wing populism and authoritarianism play into the relationships between neoliberalism and social policies globally.

This article explores these issues in the People's Republic of China where, under continued authoritarian one-party politics, the Chinese Communist Party (CCP) has since the late 1980s orchestrated neoliberal-looking, market-oriented economic reforms and expanded social policy provisions. China is an important case because it is the world's largest authoritarian state and the world's second largest economy. Its economic reforms led to sustained high levels of growth — an average of 8.5 per cent per year between 1980 and 2018 — during which time China has shifted quickly from a low-income to an upper-middle income country, as defined by the World Bank. The proportion of the population living in extreme poverty (on less than US\$ 1.90 per day, 2011 dollars at PPP) fell from 66 per cent in 1990 to 0.7 per cent in 2015, while the proportion below the World Bank's upper-middle income country poverty line of less than US\$ 5.50 per day fell from 98 per cent to 27 per cent.¹ China is therefore sometimes portrayed as a model for other authoritarian or developing countries.²

But can the term 'neoliberalism' be used in the Chinese context? Neoliberalism is usually associated with free market capitalism — increasing the role of markets (reducing capital controls, deregulating credit and labour markets), privatizing public enterprises, signing free trade agreements, lowering taxes and reducing government spending — as promoted in the 1980s and 1990s by the World Bank and International Monetary Fund (IMF) (Evans and Sewell, 2013; Ostry et al., 2016).³ China's economic reforms from around 1980, when it joined the World Bank and IMF, did encompass many such measures. As China moved away from a Soviet-style state-planned economy, it introduced markets for goods and services as well as labour and housing, pursued state enterprise reform, privatized many public enterprises and encouraged private businesses, reduced capital controls, and signed more than a dozen free trade agreements. In 2001, it joined the World Trade Organization (WTO). Since taxation was introduced in the 1980s, individual income taxes have been low, while corporate taxes and enterprise social insurance contributions have been reduced in recent years. Although, in the early 21st century, this rightward shift in policy provoked criticism from

1. World Bank data, available at <https://data.worldbank.org/>

2. For a discussion, see Breslin (2011).

3. Evans and Sewell distinguish economic policies from both neoliberal ideology and neoliberal economic theory, which, they say, 'stresses the welfare maximizing consequences of market exchange' (2013: 36).

China's 'New Left' — largely due to rising income inequalities — which tempered official pro-market rhetoric, in practice the Party-state⁴ has continued to see markets and the private sector as important drivers of economic growth.

Yet, despite its dramatic, marketizing transformations, China is still far from being a free market economy. The Chinese Party-state owns (holds a majority of the shares in) large enterprises in key sectors, and state banks still dominate and control much enterprise finance. Private businesses, meanwhile, have had an uneasy ride since they emerged in the 1980s, struggling to shake off the 'capitalist' stigma of the Maoist, state-planning period and win bank loans. In the early 21st century, the New Left pushback halted privatization in some sectors, and led to greater support for state enterprises (a process referred to as *guo jin min tui* — the state advances and the private retreats). Most recently, under Xi Jinping, the CCP has been strengthening its control in private as well as public companies. Internationally, the Party-state also still regulates trade, as well as inward and outward investment. For this reason, although neoliberalism even in the United States (usually seen as a leading neoliberal example) has relied more on state power and intervention than is usually understood (Kiely, 2018), the Chinese Party-state's significant role in a nascent market economy means that some would question China's neoliberal credentials while others see it as exhibiting an unusual variant of neoliberalism (see Weber, 2018). David Harvey (2005: 120), for example, argues that 'neoliberalism with Chinese characteristics' best describes China's 'particular kind of market economy that increasingly incorporates neoliberal elements interdigitated with authoritarian centralized control'.

Most arguments in support of the notion that China is neoliberal go beyond policies to dwell on the ideas, ideology or 'social imaginary' of neoliberalism (Breslin, 2006; Evans and Sewell, 2013). Anthropologists in particular have portrayed China as influenced by neoliberal ideas and ideology (Anagnost, 2004; Greenhalgh and Winckler, 2005; Kipnis, 2007; Rofel, 2007; Wang, 2004; Yan, 2003; Zhang and Bray, 2016). They have been challenged by others who argue that while acceptance of neoliberal ideas is evident, particularly among urban elites, their dominance has been overstated given the continued influence of Buddhism, Daoism and other traditions (Horesh and Lim, 2017; Nonini, 2008). Yet most would agree that neoliberal ideas find support among China's urban elite, where the benefits of 'market efficiency' are virtually unquestioned (Nonini, 2008). Although most Chinese would say that they share a collectivist ideology (and nationalism and family values remain strong), there is now in fact a strong individualist streak in urban society, and one that equates success with conspicuous consumption and the usual status symbols — designer brands, large villas and

4. I use 'Party-state' in this article, rather than 'state' or 'government' because the Chinese Communist Party penetrates and controls government and other state institutions.

expensive cars. Entrepreneurship is valued, and successful entrepreneurs (such as Jack Ma, former chairman of Alibaba) are national celebrities and media personalities. The phrase ‘to get rich is glorious’, which has been widely attributed to China’s former top leader, Deng Xiaoping, the architect of its market reforms in the 1980s and 1990s, still resonates today in a society that celebrates personal wealth.

This article argues that social policies facilitated China’s particular brand of neoliberal-looking market reform and contributed to increasing insecurities for many people. As economic policies in the 1980s and 1990s introduced labour markets and dramatically increased the numbers (and proportion) of the population in the informal sector, planned-economy systems of social protection and provision collapsed or were eroded (Duckett, 2011). The Chinese Party-state then used social policies to reduce dissatisfaction with the downsides of marketization: the wave of high unemployment from state enterprises in the late 1990s and early 2000s, rapidly rising income inequalities, and then the negative impact on farming from WTO entry.

These new social policies undermined planned-economy systems of social segregation but they created new ones. Planning-era rural communes were abolished, and urban work units — that had provided job security and ‘cradle to grave’ social benefits — were gradually dismantled. The household registration (*hukou*) system that had strictly segregated rural and urban dwellers and defined their social provisioning, was eroded. This urban–rural divide was then further weakened by extending social policies to migrant workers in the formal sector and, for the first time, creating entitlements to health insurance and pensions for rural dwellers. But a new, means-tested social assistance programme, the ‘Minimum Livelihood Guarantee’ (MLG), was implemented highly selectively and intrusively, and mostly only for the ‘deserving’ poor — those with disabilities or unable to work. It has thus segregated the poorest into a stigmatized underclass.

New social insurance programmes also segregated the population in novel ways as well as compounding rising income inequalities. They extended public provision of education, social old-age, health and unemployment insurance, but provided more generously for public servants and those with formal labour contracts than for informal workers and those without work in both cities and countryside. At the same time, education, health and housing were commercialized, which pushed up prices and contributed to labour market insecurities. Thus, although rapidly rising state revenues and per capita GDP allowed the government to increase spending on social policies, it disproportionately benefited the better-off.⁵ As a result of this

5. China’s GDP per capita rose from US\$ 195 in 1980 to US\$ 9,770 in 2018 in current US dollars (figures from the World Bank: <https://data.worldbank.org>). While the World Bank does not provide data for social spending in China, it reports that government spending on

combination of marketizing economic reform and regressive social policy, China moved rapidly from being one of the most equal to one of the most unequal societies in the world in the 20 years between 1990 and 2010.⁶

The extent to which social policies have facilitated social controls, beyond segregating the poorest with targeted social assistance and segmenting provision at the formal/informal sector divide, is moot. Social insurance programmes increasingly use new technologies to gather and share personal information in ways that might invade privacy and facilitate social control. But the CCP already has at its disposal many coercive tools that are not available in democratic political contexts: media controls, surveillance technologies and police powers to prevent (for example, class-based or feminist) societal challenges to its policies. Indeed, the Chinese Party-state has been able to implement neoliberal-looking economic policies and regressive social policies in part because of its authoritarian political institutions and already extensive mechanisms of social control. It has directed media reporting of social problems and policy solutions — emphasizing the universality of policies, for example, while downplaying the inequalities in provision and uneven implementation. Thus, the CCP has been able to articulate a Marxist, socialist ideology while espousing right-wing, neoliberal-looking economic policies as well as fiscally conservative social policies that disproportionately benefit — and co-opt — better-off urban dwellers that are an important part of its 90 million membership and its support base.

The rest of this essay provides evidence to support this argument. The next section outlines the main transformations to social provisioning that have resulted from the social policy reforms of the last 30 years in China. It focuses on the achievements of these policies, the positive transformations in terms of universal entitlements, and the influences that have shaped them. The following section then explores the dark side of these policies: how they increase insecurities for some, compound rising inequalities, and facilitate social segmentation and control. The concluding section discusses the politics behind China's social policies, their relationships with neoliberal, right-wing and authoritarian politics elsewhere, and what this means for China as a model for authoritarian and developing countries.

health rose between 2000 and 2016, when it was at a similar level to Russia and slightly above India and Vietnam.

6. According to World Bank estimates, China's Gini coefficient rose from 0.32 in 1990 to 0.43 in 2010 (<https://data.worldbank.org>). The World Bank's estimates are lower than most others, including the Chinese government's own, which indicate that the Gini coefficient peaked at 0.49 around 2008 before falling slightly in the last decade (see, for example, Li and Sicular, 2014). Gao et al. (2019), based on survey data, see income inequalities continuing to rise significantly between 2007 and 2013.

CHINA'S SOCIAL POLICY REFORMS: THE SEGMENTED EXTENSION OF PROVISION IN THE 21ST CENTURY

The Historical Context of Social Policy under State Planning (1949–early 1980s)

The Chinese Party-state was influenced by the Soviet Union's model of economic planning, political organization and social policies after 1949, when the Chinese Communist Party established the People's Republic of China. But China in the 1950s and 1960s was very different from the Soviet Union, with a much bigger population and a much larger proportion working in agriculture. In social policy terms, therefore, the Soviet model was more influential in the cities — home to only 12 per cent of the Chinese population in 1949 — than in the countryside.⁷ The new regime introduced household registration that tied people to their place of birth and limited geographical mobility, creating a strict urban–rural segregation. Urban dwellers benefited from the so-called 'Iron Rice Bowl': job security and workplace-provided social provisions ranging from housing and pensions to healthcare and nursery or school provision. Although records are poor, we know that this provision was far from equally allocated — being much more generous for those in large state enterprises than those in local government-run collectives — but the result was a high level of equality in income terms. Although men were more likely to be employed in state enterprises, and women in collectives, families more often lived in the husband's allocated housing, and enterprise employee healthcare also included half of dependants' costs (Dillon, 2015; Dixon, 1981).

Once rural communes were set up across China from the late 1950s (until they were dismantled in the early 1980s), following the collectivization of land, rural dwellers were also given some much more limited social protection. This usually consisted of support for those unable to work, primary school education, and some basic healthcare, often delivered by 'barefoot doctors' and funded through patchily organized and meagrely funded 'rural cooperative medical schemes'. But rural dwellers built their own housing and, without pensions, were dependent on families in their old age (Dillon, 2015; Dixon, 1981).

Market-oriented Economic Reforms and Eroding Social Provisions (1980s and 1990s)

China's market-oriented economic reforms are conventionally dated to late 1978, when Deng Xiaoping assumed power. Under Deng, China moved quickly from commune to household farming, and when this stimulated rural growth, it initiated industrial reforms. State enterprises were permitted to lay

7. Data from the National Bureau of Statistics of China, available at: www.data.stats.gov.cn

off workers, eroding job security and gradually introducing labour markets. The spread of commodity markets created rapid growth in the early 1990s, generating support for pro-market policies and virtually eradicating earlier opposition to reform. State enterprise reforms in the late 1990s then led to large-scale lay-offs and the end of the Iron Rice Bowl. Informal sector employment rose dramatically (Duckett and Hussain, 2008); it is now estimated that over half of urban workers fall into this category (Jiang et al., 2018).⁸ Although the state continued to play a role in directing economic investment, it shifted from issuing detailed plans to deploying macroeconomic levers in a process that has been described as ‘growing out of the plan’ (Naughton, 1995). It was at this stage that policies became more neoliberal-looking as Chinese policy makers became so enamoured of markets that they were advocated even in the health sector, where private hospitals were encouraged, and in 2001 entrepreneurs were permitted to join the CCP (Holbig, 2013).

The Party-state also adopted pro-market policies in areas of social provisioning, with social policy reforms in the 1980s and 1990s partially commercializing healthcare, education and urban housing. Rural cooperative medical schemes were allowed to collapse in the early 1980s until they operated in only around 5 per cent of villages (Duckett, 2011) and ‘barefoot doctors’ began to operate as private providers (and were now called ‘village doctors’) charging fees for services in many areas. Hospitals relied increasingly on patients’ out-of-pocket payments as workplaces struggled to provide for their employees’ healthcare. Government spending as a share of hospital budgets plummeted. In education, although the government did introduce a law on free nine-year compulsory education in 1986, it was not strictly enforced, and many state schools began charging fees (Tang et al., 2019). Subsequently, private schools were allowed to operate, and universities introduced tuition fees. Similarly, the rapid commoditization of urban housing in the 1990s meant that, particularly in large cities, housing became unaffordable for many as prices rose steeply (Lee and Zhu, 2006; Zhu, 2018).

The neoliberal-looking economic policies of the 1990s were accompanied by social policies aimed at facilitating state enterprise reforms and providing minimal assistance to the millions of workers who lost their jobs as a result. Unemployment insurance had been introduced for state sector workers in the late 1980s as labour markets began to be introduced. In the late 1990s, as the lay-offs surged, this scheme was supplemented with a myriad of measures aimed at providing some kind of support. These included the creation of ‘re-employment service centres’ that provided some income support or tried to provide training or employment services (Duckett and Hussain, 2008).

8. Using the ILO definition of the informal sector, Jiang et al. (2018) argue that those employed in the informal sector (small private firms or self-employed) probably account for around 50–60 per cent of the total (with significant variation across cities), and that those employed informally in the formal sector (in other words without a labour contract) have been found to account for around 11–13 per cent of the total.

In 1999, the new minimum livelihood guarantee (MLG) programme was also introduced in the cities. MLG, a cash transfer supplement aimed at bringing household incomes up to a minimum level (determined locally), was supposed to ensure a very basic level of household income. Introduced to reduce protests by workers laid off during state enterprise reforms, it was subsidized by central government at the turn of the 21st century, and spending peaked at that time. But eligibility criteria were subsequently tightened and, as noted in the introduction, in practice MLG was given only to people on low incomes deemed unable to work, such as the sick, disabled or elderly (Hammond, 2019; Solinger, 1999). The government also adopted policies to provide social or low-cost housing for people on low incomes, but they were poorly implemented (Zhu, 2018).

Urban employee social insurance programmes were also introduced at this time for old age and health as a way of reducing the burden of provision on older state enterprises and enabling them to compete on a level playing field with newer state or private sector businesses. While generous non-contributory schemes were retained for those working in government, enterprise schemes involved employees and employers contributing to local government-administered funds from which pensions and healthcare costs would be paid. They were generous for those who participated, but local governments administered the funds and focused particularly on compliance among state and foreign-invested enterprises or larger private businesses, with the result that the rising number of informal sector workers and rural-to-urban migrants did not usually participate (Jiang et al., 2018). Thus, the proportion of the population participating, for example, in urban employee health insurance by the turn of the 21st century was much lower than the proportion that had been included in the pre-reform workplace system. Despite reform, therefore, these programmes were in fact highly regressive because they were most likely to be provided to professionals, middle management and workers with formal labour contracts — those already on higher incomes (Duckett, 2004).

21st Century Social Policy Reform: Expanding both Urban and Rural Basic Provision

The result of this combination of economic and social policies was a rise in average living standards but at the same time a rapid rise in income inequalities and insecurity, particularly in rural areas and among those in the cities unable to find work. In the early 21st century, after China joined the WTO (in 2001) and the economy — and state revenues — continued to grow, the Chinese Party-state initiated a series of social policy reforms aimed at delivering some basic social provisions for rural dwellers and urbanites without work and increased government social spending. From 2007 to 2018, the share of total government spending on education rose from 14.4 per cent

to 14.6 per cent, on social security and employment support from 10.9 per cent to 12.2 per cent, and on health from 4 per cent to 7.1 per cent.⁹

Under the influence of international organizations, the Party-state seems to have promoted these social policy reforms because it was persuaded that they would both help develop the economy and prevent dissatisfaction and protest (Duckett, 2019). Measures included abolishing unpopular agricultural taxes (Wang, 2019), extending 'new rural cooperative medical schemes' (involving both household and government contributions) nationwide, and introducing 'new rural social pensions'. The Party-state extended MLG to rural areas in 2002 and from 2007 set up a new urban residents' health insurance for those people ineligible for government or urban employee health insurance. In recognition of the gradual erosion of free school education, the Party-state in 2006 also made a commitment to providing nine years of free education for all in what is sometimes called the 'Free Compulsory Education Reform' of that year (Tang et al., 2019). Recent policies have begun to merge the urban residents' and rural cooperative medical schemes in many localities, as well as sometimes making some provisions portable. The urban–rural divide in social policy is gradually being eroded.

THE DARK SIDES: AUTHORITARIANISM, NEOLIBERALISM AND THE LIMITS TO SOCIAL POLICY REFORM

China's social policy reforms established entitlements in principle to old-age and health insurance for all China's rural dwellers, and they extended the Party-state's commitment to funding 'basic' provision for the whole population. These policies have been portrayed as universalizing and equalizing (*jundenghua*), but with 'basic' as yet undefined, they give an impression of universality, while allowing higher levels of care and provision for better-off urban dwellers in formal work. By retaining (and only in 2015 reforming) generous provision for government officials, then introducing separate schemes involving employer and employee contributions, and subsequently adding further, meagre, government-funded schemes for those 'residents' without work, these politically expedient policies created a segmented system resulting in very unequal provision. Government spending remains relatively low for an upper-middle income country and skewed towards providing for public servants and urban formal sector workers.

In relation to pensions, for example, there are several distinct pensions programmes (Zhu and Walker, 2018): long-standing government pensions (paid to officials); urban employee old-age insurance (for those in

9. Calculated by the author using data from the Chinese National Bureau of Statistics, available at: www.data.stats.gov.cn

non-government formal sector work); new rural and urban residents' social pensions (formerly separate schemes but merged in 2014); as well as some residual provision of a former rural pension scheme from 1992; a scheme for rural dwellers as compensation for their land being bought by local governments; and a very minimal 'Advanced Age Allowance' for people over the age of 80 years. Zhu and Walker (2018: 1417) report that these schemes vary enormously in terms of their provisions, with the government scheme providing an average 2,500 yuan per month, the employees' scheme 1,800 yuan, and the residents' schemes less than a tenth of that, at 127 yuan per month — so that the Gini coefficient for pensions was 0.68. The inequalities within schemes are also significant, especially within the residents' scheme.

A broadly similar situation exists for health insurance, where government officials and formal sector employees receive more generous provisions than other urban and rural residents. For the latter, co-payments are higher, meaning more direct, out-of-pocket payments. Liu et al. (2016) calculated that as a result, between 1993 and 2006, 40 per cent of government health spending went to 3 per cent of the population, and that while the percentage had fallen recently (following the introduction of the new rural cooperative medical schemes), in 2012 it was still 25 per cent of spending. Brixi et al. (2013) found that average per capita government health spending on government employees was 2,629 yuan, compared to 78 yuan for rural residents and 40 yuan for urban residents. Medical care costs, particularly for serious and chronic illnesses can push many into poverty. Si et al. (2019) found, for example, that in 2013 in urban areas in Shanxi province, 47 per cent of families affected by hypertension and other illnesses suffered 'catastrophic health expenses', with poor families being more vulnerable. This was an increase on the 22 per cent of families found to have suffered in the same way in 2008.

Uneven provision in social policies also hides the fact that even in urban areas, labour market insecurity has been accompanied by social insurance policies that provide most generously for the better off and most secure. Because social insurance schemes link benefits to contributions, those with higher incomes receive more generous benefits (Zhu and Walker, 2018). Meanwhile, according to a survey conducted in 2012, while 95 per cent of formal sector workers had health insurance and 90 per cent were enrolled in a pensions programme, the equivalent figures for informal sector workers were just 58 per cent and 47 per cent (Jiang et al., 2018: 346). This is why, even though recent policies have encouraged the inclusion of registered rural migrants in urban insurance schemes, they are less likely to be enrolled — because they are less likely than urban registered residents to have formal employment (*ibid.*: 348).

Similarly, although labour markets brought insecurity, unemployment insurance provided for only a small share of the working population, and often the better off and most secure among the population. Unemployment

insurance, like old-age and health insurance, is contributory, is available only to urban waged workers, and is more likely among those in formal work (Duckett and Hussain, 2008). Gao et al. (2019) found it to have a negligible effect on intra-urban income inequalities.

Education reforms in the 21st century have seen an expansion in provision and an increase in education quality in many areas, but the education system has become more unequal as a result, with regional as well as class differences in access to quality education (Schulte, 2018). Although the 2006 education reform sought to exempt rural school children from tuition and other miscellaneous school fees (following efforts to limit fees in rural areas in 2001–04), it did not tackle the problem of unequal quality in education provision due to differential local government investment, or the problems that the urban poor face in sending their children to school, for instance because they cannot afford all the additional costs (stationery, books, and so on).

Policies to improve the supply of affordable and adequate housing have also proved difficult to implement. Recent efforts have included shared-homeownership schemes, build-to-rent schemes and shanty-town upgrading. As Zhu Yapeng has noted, the provision of public social housing in China — following a general trend away from social rental housing across many countries of the Organization for Economic Cooperation and Development — is not a priority, and ‘[t]he use of subsidies instead of direct provisioning shows that the Chinese government prefers market-based solutions [to the supply of housing] ... as it also helps to stimulate the economy’ (Zhu, 2018: 48). The consequence so far is that (as of 2015) as many as 60 per cent of Chinese households in China’s largest cities (cities with a population of over 7 million) could not afford to buy or rent housing without a subsidy (Woetzel, 2015). As a result, many — especially migrants from rural areas — live in shanty towns on the outskirts of cities and lack basic facilities such as running water, electricity and heating.

A different set of downsides is produced by China’s means-tested MLG programmes introduced in the 1990s in the cities and in the first decade of the 21st century in the countryside. These programmes provide cash support to households falling below a locally determined minimum level that is calculated using the price of a basket of essential items. Cash transfers bring households up to the local level and are agreed to be meagre — barely sufficient to provide food and some basic clothing. Dorothy Solinger (2017) has calculated that in the cities between 2006 and 2015 they brought incomes to around 16–17 per cent of average disposable income (down from 21 per cent in 2003). Even then, the scheme is in practice implemented much more stringently than policy documents suggest, so that fewer than half of those with incomes below the local MLG line were receiving the benefit (*ibid.*: 51). The scheme is also highly stigmatizing since it is targeted at only the very poorest and involves the MLG applicants’ circumstances being publicly displayed in the neighbourhood (Hammond, 2019; Solinger,

1999). The MLG schemes expanded in terms of coverage between 1999 and 2011 — rising from 2.8 million participants to 76 million in that period — but the number of participants fell steadily thereafter to 45.3 million in 2018.¹⁰ Total spending on this programme, which had risen from 0.1 per cent of government expenditures in 1999 to 1.2 per cent in 2013, fell in 2014 (Solinger, 2017). Spending as a share of GDP rose from 0.02 per cent in 1999 to a high of 0.14 per cent in 2009, falling to 0.11 per cent in 2014 — low in comparison with Latin America, Mexico and Indonesia at around the same period, as Solinger (*ibid.*: 50–51) points out.

Given the very different levels of provision across different schemes and localities, it is unsurprising that their 21st century roll-out has done little to reduce inequalities. Gao et al. (2019), analysing household and individual income data from 2002, 2007 and 2013, found social benefits (defined to include pensions, health insurance, unemployment insurance, MLG and housing, as well as in-kind benefits) contributed a much higher proportion of urban than rural household incomes (18 per cent versus 6 per cent, in 2013). Within (but not between) urban and rural areas, pensions did help reduce inequalities somewhat, but other benefits had negligible effects. MLG lowered the urban Gini coefficient by 0.002 in 2013, but urban residents' health insurance had no observable effect. Overall, post-transfer income inequalities were higher in 2013 than in 2002 because pre-transfer income inequality (incomes before taking into account social benefits) increased significantly during that time.

Social policies have meanwhile had limited effects in reducing inequalities between regions, between migrants and urban residents, and between women and men. Regional disparities — particularly between large coastal cities and the rural hinterland — remain stark. Migrants are still much less likely to benefit from social provisions than either urban or rural residents (Gao et al., 2013; Gao et al., 2019; Wang et al., 2016). Much less often researched and discussed, but just as significant and serious, are the gender inequalities. Shen et al. (2016: 76) found that patterns of inequalities in transfers for public healthcare and pensions were 'remarkably biased against women', while Zhu and Walker (2018: 1419) found that women's pensions were on average 30 per cent lower than those of men.

Overall, then, the Chinese Party-state's social policies reinforced or compounded inequalities and segmented the population, while their marketizing components also created their own insecurities. At the same time, they facilitated pro-market economic politics by reducing opposition to market insecurities. This approach avoided politically difficult redistributions (reducing government expenditures on public servants and urban middle classes, for example, in order to increase spending on poor farmers) or substantially raising government expenditures, and it enabled the CCP to retain

10. Data from the National Bureau of Statistics of China, available at: www.data.stats.gov.cn

urban support while reducing dissatisfaction among previously neglected, left-behind segments of the population.¹¹

CONCLUSION: COMMUNIST IDEOLOGY AND STATE CAPITALISM

Of course, the Party-state faces many difficulties when trying to tackle social problems. It must manage the challenges of dismantling state planning during the demographic transition to an ageing population and the health transition to a society with a greater burden of chronic rather than contagious diseases (Gao et al., 2019). At the same time, it faces the problem of ensuring policies are implemented and preventing funds being siphoned away from public spending by corrupt officials across its vast territory and five levels of government administration.

These problems and the dark sides of social policy in China undermine the case for China as a straightforward model for other developing countries. China may be one of the few low-income countries for which market liberalization has led to sustained high levels of growth, and it may have successfully reduced extreme poverty. But China's Gini coefficient is extremely high and over a quarter of the population still live on less than US\$ 5.50 a day — the definition of poverty for an upper-middle income country like China. While this might seem preferable to the dire poverty and lack of progress in some of the world's poorest nations, policy makers in developing countries would do well to consider the high levels of inequality, insecurity and segregation that have accompanied growth in China and whether they could do better than adopt a similarly neoliberal approach to development.

Where then does China fit in the post-1980s neoliberal era of new right and populist politics? China's neoliberal-looking economic policies, and the social policies that have facilitated and supported them, resemble the policies of right-wing parties elsewhere in the world, who tend to favour 'conservative' welfare regimes that similarly segment provision to protect the benefits of the elite.¹² But this does not necessarily make the Chinese Party-state an ally of the right-wing elsewhere. First, the ruling Chinese Communist Party in formal terms espouses 'socialism with Chinese characteristics' — something that enables it to retain the appearance of ideological continuity

11. There is some evidence, based on social survey research in China, that social policies — or hearing about them — can increase support for the Party-state; see for example Lü (2014). Moreover, neoliberal policies in China receive some support from the urban elite because this segment of the population has benefited the most. But those policies are also supported because they have helped reduce state power in economic enterprises and in society — remembering that China's neoliberal-looking policies were introduced after more than two decades of state economic planning and almost totalitarian political control (Tsou, 1986).
12. For example, Japan and many countries of Latin America. For a thorough analysis of segmentation in Latin America, see Franzoni and Sanchez-Ancochea (2018).

(‘socialism’) without many of its policy constraints. The precise formulation the CCP adopted in the late 1980s was that it was guiding China through the ‘primary stage of socialism’ (referring back to Marxist theory) and in so doing, merely mimicking capitalism while in fact developing a ‘socialist market economy’.¹³ This enables Party-state decision makers to openly embrace markets and market efficiency in the name of socialism.¹⁴ At the same time, the CCP’s grip on power has meant that instead of new parties of the right (or left) emerging to challenge its policies, right–left debates have taken place *within* the CCP. In this way, China’s authoritarian politics have seen ‘right-wing’, neoliberal-looking economic and social policies emerge in a ‘communist’ or ‘socialist’ system, and then be challenged by an intra-Party New Left. But China’s right-wing policies are not best termed ‘New Right’, because they are neither straightforwardly economically liberal nor socially conservative — at least not openly within the CCP (Pan and Xu, 2018; Zhang, 2019).¹⁵

The politics that shape social policies in China are also different from right-wing ‘populism’ in many other parts of the world. Although 21st century social policies have focused on new programmes for the large number of rural dwellers who had been hitherto neglected, the CCP is not appealing to mass support in order to win elections as have most other populist leaders and parties in recent years. Nor are its policies presented, as in conventional definitions of populism, as pitting ordinary people against a corrupt elite. Furthermore, while China’s current top leader, Xi Jinping, has sometimes been labelled as a populist due to his nationalism and hard-hitting anti-corruption campaign (Babones, 2017; Perry, 2015; Tang, 2016; Zhang, 2019), most of the social policies discussed in this article were introduced before Xi became the CCP’s top leader in 2012.

Instead, authoritarian politics are central to understanding both China’s neoliberal-looking economic reforms and its social policies. Deng Xiaoping introduced economic reforms in order to shore up support for the CCP after the damaging ultra-leftism of the 1960s and 1970s. From the late 1990s, the CCP then used social policies in response to criticisms of the resulting social problems and inequalities (said by some critics to be inappropriate under a communist party) as well as to further economic growth, reduce political dissatisfaction and pre-empt protest. Thus, social policies have been used to help build and retain support for continued CCP rule. But they have been facilitated by the array of media and social controls the CCP has developed over its 70 years in government. The People’s Republic of China

13. For a useful discussion of ideological evolution in China, see Holbig (2013).

14. Markets were controversial and contested among some in the Party in the 1980s, but opposition to them waned from the early 1990s.

15. Although the CCP is in some ways socially conservative — in relation to feminism and homosexuality, for example — its conservatism is not underpinned by religion and it has moved in small ways in a liberal direction.

therefore shows how adaptive authoritarian regimes can be influenced by global ideas and policy trends, as well as how they may very effectively and substantially shift both their ideology and policies in order to maintain power.

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